

FISCAL NOTE

SB 2136

January 18, 2002

SUMMARY OF BILL: Increases the wholesale tax on cigarettes from 13 cents per pack to 43 cents per pack.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - Net Impact - \$167,713,054

Increase Local Govt. Revenues - \$2,020,433

Estimate assumes the following:

- The total number of packs of cigarettes sold is approximately 570,743,762.
- A decrease of in-state sales of 28,537,188 packs due to the increased price.
- The net increase in state tax revenue is calculated as follows:
 - Increased Revenue from Wholesale Tax Increase \$162,661,972 calculated as follows $542,206,574 * \$0.30$ increased price per pack.
 - Net Increase in State Sales Tax \$5,051,082 calculated as follows:
 - Current Sales @ average cost \$2.75 per pack 570,743,792 packs X \$2.75 per pack = \$1,569,545,345
 - Current State Sales Tax Revenue Generated $\$1,569,545,345 * .06 = \$94,172,721$
 - Estimated State Sales Tax Revenue After Price Increase $542,206,574 * \$3.05 = \$1,653,730,051$
 - Estimated State Sales Tax Revenue after price Increase $\$1,653,730,051 * .06 = \$99,223,803$
- Net Increase in Local Option Sales Tax \$2,020,433 calculated as follows:
 - Current Sales @ average cost \$2.75 per pack 570,743,792 packs X \$2.75 = \$1,569,545,345
 - Current Local Option Sales Tax Revenue Generated $\$1,569,545,345 * .024 = \$37,669,088$
 - Estimated Local Option Sales Tax Revenue After Price Increase $542,206,574 * \$3.05 = \$1,653,730,051$
 - Estimated Local Option Sales Tax Revenue after Price Increase $\$1,653,730,051 * .024 = \$39,689,521$

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

SB 2136

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive style with a large, stylized initial "J".

James A. Davenport, Executive Director